

PUBLIC DISCLOSURE

JANUARY 9, 2006

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

ST. JEAN'S CREDIT UNION

**527 WESTERN AVENUE
LYNN, MA 01904**

**DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110**

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **St. Jeans Credit Union (or the "Credit Union")** prepared by the Division, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

The rating of this institution is established upon five performance criteria as shown in the public evaluation. The Credit Union's average net loan-to-share ratio over the past two years stands at 68.6 percent. During 2004 and 2005, the Credit Union granted 57.7 percent of its Home Mortgage Disclosure Act ("HMDA") reportable loans by number and 55.2 percent of HMDA-reportable loans by dollar amount within its assessment area. In addition, for the period under review, the Credit Union granted 49.6 percent of a sample of consumer loan originations by number and 47.3 percent by dollar amount of the sample of consumer loans within its assessment area.

The Credit Union has granted 53.6 percent of its HMDA-reportable loans for the period under review to low and moderate-income borrowers. For the same period, the Credit Union has granted 66.6 percent of a sample of consumer loans to low and moderate-income borrowers. Although this number appears to be quite high, most of the borrowers were single applicants rather than joint applicants and the income designation is based on family income.

Throughout 2004 and 2005, the Credit Union originated 1.8 percent of its HMDA reportable loans within its assessment area in low-income census tracts, followed by 32.1 percent in moderate-income census tracts.

Finally, there were no complaints received by the Credit Union pertaining to its CRA performance and the fair lending examination revealed no evidence of discriminatory or illegal credit practices.

PERFORMANCE CONTEXT

Description of Institution

St. Jean's Credit Union is a community credit union established in 1910. The Credit Union's by-laws limit the membership to individuals who work or reside within the Counties of Essex, Suffolk, or Middlesex, and employees of H.P. Hood, LLC.

St. Jean's Credit Union has assets of \$111 million and is located at 527 Western Avenue in downtown Lynn, Massachusetts.

Currently, St. Jean's Credit Union has four branch locations in Massachusetts. The main office is located at 527 Western Avenue in Lynn, Massachusetts. The remaining three branches are located in Revere, Charlestown, and Newburyport, Massachusetts.

The Credit Union's hours of operation at the main office are Monday through Wednesday from 8:30 am to 4:30 pm, Thursday and Fridays from 8:30 am to 6:30 p.m., and Saturdays from 8:30 a.m. to 1:00 p.m.

As of September 30, 2005, 63.2 percent of the Credit Union's assets were in the form of loans. The Credit Union offers a wide range of loan products, including first mortgage loans, home equity loans, home improvement loans, new and used automobile loans, unsecured personal loans, credit cards, and share secured loans. Loans secured by real estate accounted for 65.2 percent of the total portfolio. The following is a breakdown of the Credit Union's loan portfolio as it appears on the September 30, 2005 Statement of Financial Condition.

Loan Portfolio as of September 30, 2005

Type of Loans	\$	% total
Loans Secured by Real Estate		
a. First Mortgage Real Estate Loans	36,867,886	52.5%
b. Other Real Estate Loans	8,901,557	12.7%
Subtotal – Real Estate Loans	45,769,443	65.2%
Consumer Loans		
a. Unsecured Credit Card Loans	5,834,170	8.3%
b. All Other Unsecured Loans	4,952,315	7.1%
c. New Vehicle Loans	3,278,180	4.7%
d. Used Vehicle Loans	8,772,587	12.5%
Subtotal – Consumer Loans	22,837,252	32.6%
All Other Loans		
Other	1,560,782	2.2%
Total Loans	\$70,167,477	100.0%

Source: Statement of Financial Condition as of 09/30/05

PERFORMANCE CONTEXT (CONTINUED)

Description of Assessment Area

St. Jean's Credit Union has three assessment areas based on the branch locations. The first area is designated as Lynn, Lynnfield, Nahant, Salem, Saugus, Swampscott, and Peabody. All these towns are located in the Essex County MA MD. The second area contains Newburyport. This town is also located in the Essex County MA MD. The third area contains the City of Revere and the Charlestown section of Boston. The City of Revere is located in the Essex County MA MD, while Charlestown is located in the Boston-Quincy MA MD. For the remainder of the report, the three geographical areas will be presented as one assessment area.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA/MD; moderate-income is defined as 50 to 79 percent of the median family income; middle-income is defined as income between 80 and 119 percent of the median family income; and upper-income is defined as income greater than 120 percent of the median family income. Based on census data for 2000, the assessment area is comprised of 68 census tracts. The breakdown of these tracts is as follows: 5 or 7.4 percent are low-income, 23 or 33.8 percent are moderate-income, 31 or 45.6 percent are middle-income, and 9 or 13.2 percent are upper-income.

Census demographic data obtained from CRA WIZ indicate that the Credit Union's assessment area contains a total population of 312,917 individuals of which 19.0 percent were minorities. There are 129,588 housing units within the assessment area of which 56.0 percent are owner-occupied, 41.0 percent are rental units and 3.0 percent are vacant housing units. Households living below the poverty level represent 11.2 percent of total households throughout the assessment area.

The following table provides demographic and economic information pertaining to the Credit Union's assessment area.

<i>Selected Housing Characteristics by Income Category of the Geography</i>						
<i>Geographic Income Category</i>	<i>Percentage</i>					
	<i>Census Tracts (2004/2005)</i>	<i>House holds</i>	<i>Housing Units</i>	<i>Owner- Occupied</i>	<i>Rental Units</i>	<i>Vacant Units</i>
<i>Low</i>	7.4%	30.0%	5.6%	1.8%	10.5%	7.1%
<i>Moderate</i>	33.8%	17.6%	32.2%	22.4%	45.4%	34.7%
<i>Middle</i>	45.6%	18.5%	49.3%	57.1%	38.8%	47.8%
<i>Upper</i>	13.2%	33.9%	12.9%	18.7%	5.3%	10.4%
<i>Total or Median</i>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: 2000 U.S. Census

PERFORMANCE CONTEXT (CONTINUED)

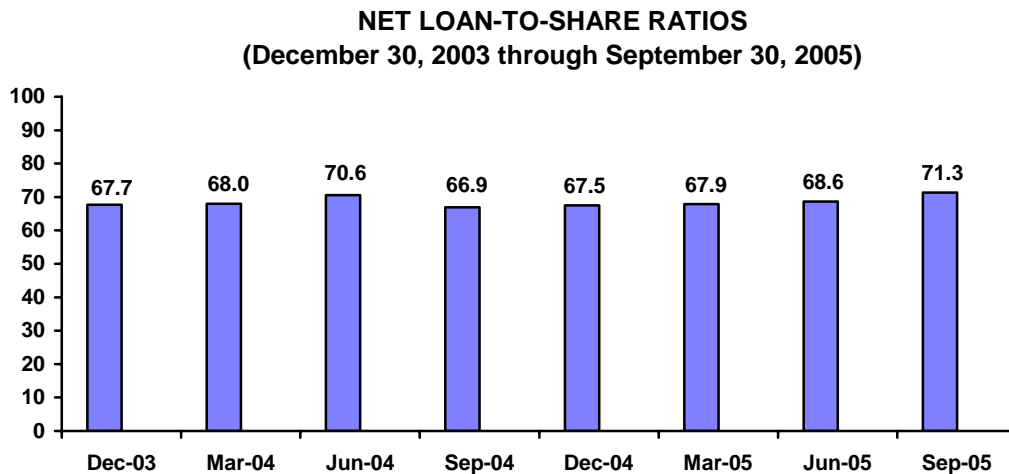
Aggregate data generated from PCI Inc., CRA WIZ for lending purposes only, consists of 431 mortgage companies, savings banks, commercial banks, cooperative banks and credit unions, which have either purchased or originated residential mortgage loans within the Credit Union's assessment area.

St. Jeans Credit Union has over 15,000 members predominantly located in the Commonwealth of Massachusetts. The largest concentration of members is located in Lynn, Massachusetts, where approximately 46 percent of the members reside. The second highest concentration of members is located in Revere where approximately 10 percent of the membership resides.

PERFORMANCE CRITERIA

1. LOAN TO SHARE ANALYSIS

A comparative analysis of St. Jean's Credit Union's quarterly net loan-to-share ratios for the period of December 30, 2003 through September 30, 2005, was conducted during this examination. Using the National Credit Union Administration ("NCUA") quarterly call reports for the Credit Union, the average net loan-to-share ratio for this period is 68.6 percent. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses (ALLL) as a percentage of total shares. The following graph is provided for further analysis.



The net loan to share ratio stood at 71.3 percent as of September 30, 2005 and has fluctuated slightly over this time period. A comparison of the dollar amount for the Credit Union's loans and shares as of December 30, 2003 was compared to that of September 30, 2005. This comparison revealed that loans have increased by \$14,343,936 or 25.7 percent, while shares for the same period increased by \$15,934,435 or 19.5 percent.

St. Jean's Credit Union's net loan to share ratio was compared to the ratios of five other area institutions. Three of these institutions all have a physical presence in Lynn, Massachusetts and are also regulated by the Division. These ratios are as of September 30, 2005. Please refer to the following table for details:

COMPARATIVE NET LOAN-TO-SHARE RATIO ANALYSIS	
CREDIT UNION	NLTS RATIO
Seaport Credit Union	111.2%
River Works Credit Union	108.8%
Community Credit Union of Lynn	98.3%
St. Jean's Credit Union	71.3%
Brotherhood Credit Union	59.0%
Luso-American Credit Union	47.6%

PERFORMANCE CRITERIA (CONTINUED)

Based upon the above information and the Credit Union's capacity to lend, its asset size, and the credit needs of the membership, the Credit Union's net loan-to-share ratio meets the standards for satisfactory performance.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

A review of St. Jean's Credit Union's 2004 and 2005 HMDA data was conducted to determine the geographic distribution of residential loans. This information indicated the Credit Union originated and purchased 97 HMDA-reportable loans during this period. A total of 56 loans or 57.7 percent were originated within the Credit Union's assessment area. Refer to the following table for information.

Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2004	29	58.0%	4,499	59.8%	21	42.0%	3,021	40.2%
2005	27	57.4%	4,281	51.0%	20	42.6%	4,111	49.0%
Total	56	57.7%	8,780	55.2%	41	42.3%	7,132	44.8%

Source: 2004 and 2005 HMDA DATA

As depicted in the above table, residential lending within the assessment area accounts for a majority of loans originated.

An additional review of a sample of 115 consumer loans originated in 2004 and 2005 totaling \$1,403,629 was also conducted during this examination. The sample was comprised of a mixture of automobile loans and unsecured loans. Of the 115 loans reviewed, 57 or 49.6 percent of the number of loans originated were within the Credit Union's assessment area and \$663,796 or 47.3 percent of the dollar amount extended was also within the assessment area. Refer to the following table for more information.

PERFORMANCE CRITERIA (CONTINUED)

SAMPLE OF CONSUMER LOAN ORIGINATIONS BY NUMBER

Distribution of a Sample of Consumer Loan Originations Inside and Outside of the Assessment Area								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans		Number of Loans		Dollars in Loans	
	#	%	\$	%	#	%	\$	%
2004	25	45.5%	275,103	41.6%	30	54.5%	386,371	58.4%
2005	32	53.3%	388,693	52.4%	28	46.7%	353,462	47.6%
Total	57	49.6%	663,796	47.3%	58	50.4%	739,833	52.7%

Source: 2004 and 2005 Consumer Loan Sample

As illustrated in the table above, the sample of consumer loans by number and dollar amount were below fifty percent within the Credit Union's assessment area. However, this was a sample and may not reflect the exact percentages of all consumer lending.

Based on the above information, St. Jeans Credit Union meets the standards of satisfactory performance.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

An analysis of the St. Jean's Credit Union's HMDA Loan Application Register ("LAR") and a sample of originated consumer loans for the period 2004 and 2005 were conducted to determine the distribution of credit based upon the income levels of borrowers. These income figures are based on estimated Department of Housing and Urban Development ("HUD") information.

The following table illustrates residential loans originated and categorized by the applicants' reported income in relation to the median family income for the Boston Quincy MA MD and the Essex County MA MD for 2004 and 2005.

Distribution of HMDA Reportable Loans Within the Assessment Area to Borrowers of Different Income Levels by Number

Borrower Income Level	Total Households		2004		2005		Total	
	#	%	#	%	#	%	#	%
< 50%	37,530	30.0%	5	17.2%	8	29.6%	13	23.2%
50 – 79%	22,054	17.6%	8	27.6%	9	33.3%	17	30.4%
80 – 119%	23,213	18.5%	10	34.5%	6	22.3%	16	28.6%
> = 120%	42,472	33.9%	6	20.7%	4	14.8%	10	17.8%
Total	125,269	100.0%	29	100.0%	27	100.0%	56	100.0%

Source: HMDA/LAR Data for the period 1/1/04 to 12/31/05

PERFORMANCE CRITERIA (CONTINUED)

The distribution of the Credit Union's loans among various borrower income levels may also be compared to that of all other HMDA-reportable lenders in the assessment area. Other HMDA reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions, and mortgage companies. The most recent year for this comparison is 2004.

The following table shows the Credit Union's distribution of loans among various income levels compared to that of the other 431 HMDA-reportable lenders for calendar year 2004 throughout the Credit Union's assessment area.

It should be noted that all the HMDA reportable loans for 2004 were actually purchased by the institution from Member's Mortgage.

Distribution of HMDA Reportable Loans St. Jean's Credit Union Compared to All Other Reporters								
Median Family Income Level	Number of Loans				Dollar Amount of Loans			
	St. Jean's Credit Union		All Other Reporters		St. Jean's Credit Union		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Low	5	17.2%	1,238	4.8%	726	16.1%	165,086	2.7%
Moderate	8	27.6%	5,458	21.0%	975	21.7%	1,008,776	16.8%
Middle	10	34.5%	7,728	29.8%	1,804	40.1%	1,694,831	28.2%
Upper	6	20.7%	7,438	28.7%	994	22.1%	2,114,193	35.2%
NA	0	0.0%	4,074	15.7%	0	0.0%	1,028,246	17.1%
Total	29	100.0%	25,936	100.0%	4,499	100.0%	6,011,132	100.0%

Source: HMDA LAR, 2004 HMDA Aggregate Data

As shown above, the Credit Union's percentage of lending to borrowers of low-income is well above the aggregate by number and dollar amount for 2004. St. Jean's Credit Union originated 17.2 percent by number and 16.1 percent by dollar amount of the total loans within the assessment area to low-income borrowers, compared to the aggregate with 4.8 percent by number and 2.7 percent by dollar amount.

The Credit Union's residential loans purchased during 2004 to moderate-income borrowers accounted for 27.6 percent by number and 21.7 percent by dollar amount of its loans within the assessment area. Both number and dollar amount are also above the aggregate of 21.0 percent and 16.8 percent, respectively.

The following table provides a breakdown of a sample of consumer loans originated among the Credit Union's membership by applicant income level.

PERFORMANCE CRITERIA (CONTINUED)

Distribution of Consumer Loans Within the Assessment Area to Borrowers of Different Income Levels by Number

Borrower Income Level	2004		2005		Total	
	#	%	#	%	#	%
Low	8	32.0%	11	34.4%	19	33.3%
Moderate	8	32.0%	11	34.4%	19	33.3%
Middle	8	32.0%	7	21.9%	15	26.3%
Upper	1	4.0%	3	9.3%	4	7.1%
Total	25	100.0%	32	100.0%	57	100.0%

Source: Consumer Loan Sample – 2004/2005

St. Jean's Credit Union's loan distribution to borrowers of different income levels reflects a reasonable penetration of low and moderate-income members and meets the standards of satisfactory performance.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

An analysis of mortgage loans extended within the various census tracts contained in the Credit Union's assessment area was also conducted during the examination. As mentioned previously, the Credit Union's assessment area is comprised of 68 census tracts. The breakdown of these tracts is as follows: 5 or 7.4 percent are low-income, 23 or 33.8 percent are moderate-income, 31 or 45.6 percent are middle-income, and 9 or 13.2 percent are upper-income.

As shown in the following table, 33.9 percent of the Credit Union's residential loans were originated in low and moderate-income census tracts. The majority of HMDA reportable loans, 60.7 percent were granted within the middle-income census tracts, which is reasonable based on the demographics of the assessment area. The following table illustrates HMDA reportable loans extended within the various census tracts for 2004 and 2005.

HMDA REPORTABLE LOANS BY CENSUS TRACT

CENSUS TRACT	2004		2005		TOTAL	
	#	%	#	%	#	%
LOW	0	0.0%	1	3.7%	1	1.8%
MODERATE	9	31.0%	9	33.3%	18	32.1%
MIDDLE	19	65.5%	15	55.6%	34	60.7%
UPPER	1	3.5%	2	7.4%	3	5.4%
TOTAL	29	100.0%	27	100.0%	56	100.0%

Source: HMDA/LAR Data – 2004 & 2005

The Credit Union's geographic distribution is considered reasonable and meets the standards for satisfactory performance.

PERFORMANCE CRITERIA (CONTINUED)

5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

A review of the Credit Union's public comment file indicated that the Credit Union received no complaints pertaining to its CRA performance since the previous examination.

The Credit Union's fair lending data was reviewed to determine compliance with the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment Act and Fair Lending guidelines. A sample of the Credit Union's approved and denied residential loan application files were reviewed for fair lending. No discriminatory practices were noted.

MINORITY APPLICATION FLOW

The Credit Union's loan application registers for 2004 and 2005 were reviewed to determine the application flow from the different racial groups within the Credit Union's assessment area.

Refer to the following table for information on the minority application flow as well as a comparison of the aggregate lenders throughout St. Jean's Credit Union's assessment area.

Race	Aggregate Data 2004*		CU 2004		CU 2005		CU Total	
	#	%	#	%	#	%	#	%
<i>American Indian/Alaska Native</i>	219	0.6	0	0.0	0	0.0	0	0.0
<i>Asian</i>	842	2.1	0	0.0	0	0.0	0	0.0
<i>Black or African America</i>	1,374	3.5	2	5.7	1	3.2	3	4.5
<i>Hispanic</i>	3,778	9.5	2	5.7	2	6.5	4	6.1
<i>Hawaiian Pacific Islander</i>	126	0.3	0	0.0	0	0.0	0	0.0
Total Minority	6,339	16.0	4	11.4	3	9.7	7	10.6
<i>White</i>	22,470	56.7	10	28.6	24	77.4	34	51.5
<i>No Info</i>	10,848	27.3	21	60.0	4	12.9	25	37.9
Total	39,657	100.0	35	100.0	31	100.0	66	100.0

2004/2005 HMDA Data

The four loan applications from minority individuals from 2004 were not originated. These loan applications resulted in two denials and two withdrawn. A review of the applications revealed no discriminatory practices. The three applications received from minorities for 2005 resulted in originations.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at 527 Western Avenue Lynn, MA 01904

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.